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SANTO DOMINGO ALSO FOR US COMMERCIAL SERVICE

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TAGS: [ETRD](#) [EAIR](#) [EFIN](#) [ECON](#) [PGOV](#) [TD](#)
SUBJECT: BOEING LIKELY TO WIN CARIBBEAN AIRLINES DEAL

REF: 09 PORT OF SPAIN 506

BUSINESS SENSITIVE INFORMATION: PLEASE PROTECT ACCORDINGLY

11. (SBU) SUMMARY: A Boeing representative told us that Trinidad and Tobago's Caribbean Airlines (CAL) will endorse Boeing's bid to sell the national airline ten new 737-800 aircraft it sorely needs, a deal potentially worth USD 790 million and for which we conducted extensive advocacy. The deal has been complicated by stiff competition from rival Airbus and a possible CAL purchase of neighbor airline Air Jamaica (reftel), but ultimately it appears Boeing's strategy of playing hard-to-get may have paid off. If Boeing is successful, the deal would raise to well over a half-billion dollars the value of successful advocacy conducted by the Embassy in the last year. END SUMMARY.

AGGRESSIVE OFFER PAYS OFF

12. (SBU) Boeing Sales Director David Parker told us that CAL informed him January 27 that the Trinidad and Tobago (TT) state-owned airline would recommend the GOTT accept Boeing's offer in a key stakeholder meeting to take place on February 4. Parker described his January 27 sales pitch to CAL CEO Ian Brunton and other key executives as an "aggressive business offer" that included a roughly 50% discount on the ten 737-800 aircraft for sale and purchasing rights to an additional ten aircraft under the same favorable terms. The offer also included provisions for Boeing to provide CAL personnel with any required training on the new aircraft; a deal-sweetener that Airbus already pitched in 2009. Boeing previously estimated that the deal could be worth some USD 790 million, but Parker confided to us that he expects CAL to buy only five of the ten planes offered under the deal.

CAL FRENCH CONSULTANT A MAJOR OBSTACLE

13. (SBU) Boeing's major challenge, according to Parker, had been the need to maneuver around French CAL lead consultant, Jean-Frederic Mognetti, who Parker described as a trusted confidant

of CAL Chairman Arthur Lok Jack and who, according to Parker, has been determined to sway Lok Jack toward Airbus. Parker alleged that Mognetti had consistently forwarded business sensitive details of Boeing's negotiations to Paris.

CAL - AIR JAMAICA PURCHASE A DONE DEAL?

14. (SBU) Parker said that he has seen high-level internal AJ memos stating that the CAL-Air Jamaica (AJ) purchase is a done deal (ref B). He said he privately believes that CAL would be better served not to purchase the troubled Jamaican airline because of its past struggles with local unions, suggestions of internal corruption, domestic opposition to foreign operation, and AJ's aged fleet. But those points notwithstanding, Parker noted that a CAL-AJ merger might actually benefit Boeing because CAL would then likely replace the "deteriorating" AJ Airbus fleet with newer and larger Boeing 737s. He said the leases on AJ's six older Airbus aircraft expire in 2012.

COMMENT: ADVOCACY SUCCESSES

15. (SBU) Boeing's strategy to avoid making a detailed offer until now (reftel) appears to have paid off, assuming CAL sticks to its recommendation and the GOTT stakeholders' committee accepts it. We previously provided extensive advocacy on behalf of Boeing for this deal, and company executives are considering whether any further intervention with the GOTT is warranted. Parker told us he is confident at this point that having won over CAL's executives was the crucial step in the decision-making process, and will let us know if the company feels a final round of advocacy with the Minister of Transport would be beneficial. If Boeing is successful with CAL, combined with a June 2009 helicopter contract for AugustaWestland, the Embassy would have successfully advocated for well over a half-billion dollars worth of contracts for American companies in the last year.
Kusnitz